## United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

## Case Number

0506-0026

Case Title: **Reporting Office:** Ferguson Enterprises Inc. Detroit, MI, Resident Office Subject of Report: **Activity Date:** Interview of (b)(6), (b) (7) Policy Advisor to Detroit City Councilman (b) August 18, 2010 Approving Official and Date: **Reporting Official and Date:** b)(6), (b) (7)(C) , SAC (b)(6), (b) (b)(6), (b) (7) RAC 03-SEP-2010, Approved (b) (b) (6), (b) 02-SEP-2010, Signed by: (b)(6), (b)(6), RAC SYNOPSIS 08/18/2010 - U.S. EPA CID Special Agent (b)(6), (b) (7)(C) interviewed (b)(6), (b) (7) Policy Advisor to (b)(6), (b) (7) Detroit City Council member regarding an investigation (b) conducted into the contract evaluation process employed for Detroit Water & Sewerage Department (DWSD) contracts known as CM 2014 and CM 2015. DETAILS On August 18, 2010, U.S. EPA CID Special Agent (b)(6), (b) (7)(C) interviewed (b)(6), (b) (7) Policy Advisor to (b)(6), (b) (7) Detroit City Council member regarding an investigation (b)

Policy Advisor to (b)(6). (b) (7) Detroit City Council member regarding an investigation (b) conducted into the contract evaluation process employed for Detroit Water & Sewerage Department (DWSD) contracts known as CM 2014 and CM 2015. Also present during the interview was Mark Chutkow, Assistant, U.S. Attorney and (b)(6). (b) (7) Deputy Corporate Counsel, Detroit Law Department. After being informed of the identity of the interviewing agent and the purpose of the interview, (b) provided the following information:

(b) can be contacted at 313-224-1249. (b) explained that (b) did not have (b) records of (b) investigation with (b) so (b) was limited in what (b) could explain but would do (b) best. (b)

explained that be did not have be records of be investigation with be so was limited in what could explain but would do be best. be explained that be documented be investigative findings in a memo sent to (b)(6). be and (b)(6). who were both members of the (b)(6), mayoral administration. When became the interim mayor, (b)(6), received complaints from contractors regarding the scoring of contracts for the DWSD, allegations of the manipulation of bids, and an unusual number of change orders for certain bidders. The made a presentation to the Executive Procurement Policy Integration Committee which consisted of members (b)(6), (b) (7)(C), Chief Procurement Officer for the City of Detroit, (b)(6), (b) (7)(C) of Blue Cross Blue Shield, and (b)(6), (b) (7) of the Detroit Law Department, (b)(6), (b) of Wayne State University which was a part of the Michigan Municipal League.

In general (b) found that in the awarding of contracts CM 2014 and CM 2015 that there was a divergence in the methodology used to evaluate the costs of the bids. The DWSD used an average cost which resulted in the bidder with the bid closest to the mean being awarded the contract. (b) met with (b)(6), (b) and (b)(6), (b) (7) of the DWSD to convey (b) findings and concerns. This meeting was documented in (b)(6), investigative memo send to (b)(6). When (b) questioned (c)(6), on why the average cost method was used on these contracts (b) gave answers which were inconsistent with the bid documents.

From (b)(6), review of the bid documents it was clear to (b) that the Superior Engineering/DLZ

This document contains neither recommendations nor conclusions of the EPA.

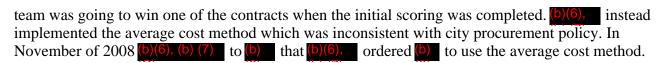
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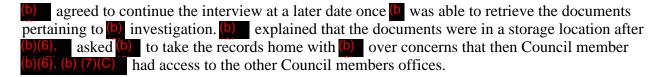
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